

WATER/ICRJ/FLC/KKL/ABJ:jlj

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

WATER DIVISION

RESOLUTION W-4436

November 13, 2003

R E S O L U T I O N

**(RES. W-4436), YOSEMITE SPRING PARK UTILITY COMPANY
(YSP). ORDER AUTHORIZING AN INTERIM GENERAL RATE
INCREASE SUBJECT TO REFUND, PRODUCING
ADDITIONAL GROSS ANNUAL REVENUE OF \$73,700 (6.95%).**

SUMMARY

This Resolution grants YSP, a Class C water utility, an interim increase in gross annual revenue of \$73,700, subject to refund. The increase will provide YSP with no rate of return on its rate base, but with sufficient monies to pay its current cash operating expenses.

By Draft Advice Letter filed January 10, 2003, and amended on March 17, and April 4, 2003, YSP requests authority under Section VI of General Order (G.O.) No. 96-A and Section 454 of the Public Utilities (P.U.) Code to increase rates by \$646,723 or 57.48%, in the year 2003.

BACKGROUND

YSP presently serves 1,590-metered customers in the unincorporated community of Yosemite Lakes Park, approximately five miles south of Coarsegold, Madera County.

YSP's last general rate increase was authorized by Commission Resolution (Res.) W-3974, dated March 13, 1996, which granted an increase of \$131,387 or 19.45%.

YSP's current rates became effective on March 26, 2002, as the result of Consumer Price Index increase of 1.6% authorized by Commission Decision 92-03-031.

In its current draft advice letter, YSP requests authority under Section VI of G. O. 96-A and Section 454 of the Public Utilities Code to increase rates by \$646,723 or 57.48%. In addition, YSP requests: 1) the addition of a facilities fee into its tariff for the construction of water mains, wells, and other water infrastructure, and 2.) recovery of legal expenses of \$50,000 over three years to pursue legal action against a local gas station that has polluted the utility's water with MTBE. These two additional requests are not addressed in this resolution.

DISCUSSION

The Commission's on-going concern regarding the processing time for small water utility's transactions resulted in the creation of a Service Guarantee Plan for Small Water Companies (Plan). The Plan provides an almost immediate simple interim rate increase, usually within 45 days of filing. The interim increase, subject to refund, is based on a cash flow analysis. The analysis determines how much the utility needs to operate and to pay bills, including debt service. When YSP filed its increase request, the only available recorded financial data was for year 2001. Using YSP's 2001 Annual Report to the Commission, the Water Division's Audit and Compliance Branch (Branch) determined that the utility was not experiencing a cash flow problem. YSP's 2002 Annual Report to the Commission became available to the Branch during the processing of the rate increase request and subsequent to YSP's amended filings in March and April 2002. Pursuant to YSP's 2002 Annual Report, Branch determined that YSP generated total operating revenues of \$1,013,041 with a net loss of \$71,927 (excluding depreciation). In view of the negative cash flow problem, the owner of YSP absorbed costs in 2002 that normally would be included in rates. Taking into consideration an inflation rate of 2.4% for 2003 based on the latest consumer price index increase figures, it was therefore, determined that gross annual revenues would need to be increased by \$73,700 or 6.95% at this time, in order for the utility to meet its cash flow requirements in 2003.

NOTICE AND PROTESTS

YSP notified its customers of the general rate increase request by mailing a letter to each customer on June 9, 2003. The increase authorized in this resolution is an interim measure, subject to refund pending the completion of the Water Division's (Division) investigation into YSP's general rate increase request. Because this increase is a component of the utility's general rate increase, it is not

necessary for the utility to separately notify its customers of this interim rate increase.

FINDINGS

1. The interim rates recommended by the Water Division (Appendix A) are reasonable and should be adopted.
2. The rate increase authorized herein should be subject to refund pending the completion of the staff investigation of YSP's general rate increase request.
3. The utility has notified customers of its general rate increase request.
4. No formal protests have been received.

THEREFORE, IT IS ORDERED THAT:

1. Yosemite Spring Park Utility Company, Inc. is authorized to file an advice letter adopting the revised Schedule No. 1RA, Annual Metered Service, attached to this Resolution as Appendix A, and to concurrently cancel its presently effective rate schedule. Its filing shall comply with General Order 96-A. The effective date of the revised schedule shall not be earlier than five days after the date of its filing.
2. The rate increases authorized herein is subject to refund pending final resolution of the Yosemite Spring Park Utility Company, Inc. general rate increase request.
3. This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on November 13, 2003; the following Commissioners voting favorably thereon:

WILLIAM AHERN
Executive Director

APPENDIX A

YOSEMITE SPRING PARK UTILITY CO.

Schedule No. 1RA

ANNUAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service furnished on an annual basis.

TERRITORY

Yosemite Lakes Subdivision and vicinity, Madera County.

RATES

Quantity Rate:

All water, per 100 cu. ft.....	\$ 2.075	(I)
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Per Meter
Per Year

Service Charge:

For	¾-inch meter.....	\$ 297.71	(I)
For	1-inch meter.....	406.18	
For	1-1/2-inch meter.....	543.49	
For	2-inch meter.....	734.81	
For	3-inch meter.....	1,358.15	
For	4-inch meter.....	1,848.56	
For	6-inch meter.....	3,073.67	(I)

The service charge is a readiness-to-serve charge, which is applicable to all metered water service and to which is added the charge for water used at the Quantity Rate.

SPECIAL CONDITIONS

1. In accordance with Section 2714 of the Public Utilities Code, if a tenant in a rental unit leaves owing the company, service to subsequent tenants in that unit will, at the company's option, be furnished on the account of the landlord or property owner.

